

Jemena Limited

Draft Capacity Transfer and Auction Procedures

Submission on AEMO's draft procedures

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1. OVERVIEW

Jemena owns and operates a diverse portfolio of energy and water transportation assets across the east coast of Australia. With more than \$10.5 billion worth of major utility infrastructure, we supply millions of households and businesses with essential services every day.

Jemena continues to be committed to proactively implementing the key pipeline recommendations from the Gas Market Reform Package and is supportive of the establishment of a liquid gas market on the east coast of Australia that contributes to better achieving the National Gas Objective (**NGO**).

Jemena welcomes the opportunity to provide a submission to the Australian Energy Market Operator's (**AEMO's**) draft Capacity Transfer and Auction Procedures (**Procedures**) dated 21 August 2018, and various guides.

1.1 DRAFT PROCEDURES

Jemena's comments on the draft procedures are as follows:

1. Division 3 – Capacity Auction:
 - a) Clause 16 – auction solver. Jemena understands that AEMO will seek an independent review of the mathematical formula of the auction solver. If not already planned, Jemena would appreciate the sharing of the findings of the independent review with the market. It may also be beneficial for all formulae in the draft procedures to be independently reviewed if they haven't already been reviewed.
 - b) Clause 20.1(f) – remove one of the unnecessary brackets.
 - c) Clause 21.3.1 – add a bracket to the end of the equation.
2. Schedules 1 and 2 – Capacity Transfer and Auction Timetable Pre Oct 2019:
 - a) Table 3 for schedules 1 and 2 – Jemena understands that the purpose of tasks 5 and 6 is to allow additional time (extra day) in the event there is a validation failure or a system issue at the service provider's end for transfers that are three or more days from delivery. Jemena considers that this is adequately covered by the preceding tasks for d+2 which provide validation for d=2 prior to d+1.

1.2 CAPACITY PRODUCT LIST

Jemena made a submission to AEMO dated 4 July 2018 on the draft service points, zones and pipeline segments for capacity trading platform and auction. Jemena notes that AEMO has since released its 'Capacity Trading Reform Package: Specification of service points, zones and pipeline segments for capacity trading platform and auction Consultation Paper' dated 24 September 2018. Jemena notes that AEMO has not adopted Jemena's proposed changes to some zones set out in its submission to AEMO dated 4 July. Jemena will formally respond to AEMO's proposed service points, zones and pipeline segments and on the draft capacity product list in response to AEMO's consultation paper dated 24 September 2018.